PARKE BANCORP, INC.
Form 10-Q/A
November 18, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment #1)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2010.

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File No. 000-51338

PARKE BANCORP, INC.
(Exact name of Registrant as specified in its Charter)

New Jersey	65-1241959
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
601 Delsea Drive, Washington Township, New Jersey	08080
(Address of Principal Executive Offices)	(Zip Code)

856-256-2500
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of November 15, 2010, there were issued and outstanding 4,440,030 shares of the registrant's common stock.

PARKE BANCORP, INC.

Explanatory Note

Parke Bancorp, Inc. (the "Company") is filing this Amendment #1 on Form 10-Q/A to amend its Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 as filed with the Securities and Exchange Commission on November 15, 2010 in order to correct a typographical error in the Consolidated Statements of Cash Flows. Specifically, for the nine months ended September 30, 2010, proceeds from the sale of SBA loans originated for sale should have been $9.560 million rather than $13.904 million as included in the original filing. With the exception of this correction and the filing of new certifications, no other changes have been made to the Form 10-Q. This Form 10-Q/A speaks as of the original filing date of the Form 10-Q, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update the Company's financial condition or results of operations disclosed in the Form 10-Q.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2010		December 31, 2009	
	(in thousands except share data)			
ASSETS				
Cash and due from financial institutions	$	51,158	$	4,099
Federal funds sold and cash equivalents		12		55
Cash and cash equivalents		51,170		4,154
Investment securities available for sale, at fair value		27,897		29,420
Investment securities held to maturity (fair value of $2,141 at September 30, 2010 and $2,404 at December 31, 2009)		1,991		2,509
Total investment securities		29,888		31,929
Loans held for sale		4,344		—
Loans, net of unearned income		633,743		603,401
Less: Allowance for loan and lease losses		13,428		12,404
Net loans and leases		620,315		590,997
Accrued interest receivable		3,303		2,808
Premises and equipment, net		4,338		2,861
Other real estate owned (OREO)		7,778		—
Restricted stock, at cost		3,087		3,094
Bank owned life insurance (BOLI)		5,316		5,184
Other assets		13,392		13,171
Total Assets	$	742,931	$	654,198
LIABILITIES AND EQUITY				
Liabilities				
Deposits				
Noninterest-bearing deposits	$	22,682	$	21,488
Interest-bearing deposits		576,298		498,825
Total deposits		598,980		520,313
FHLB borrowings		41,796		44,428
Other borrowed funds		14,344		10,000
Subordinated debentures		13,403		13,403
Accrued interest payable		865		821
Other liabilities		4,323		3,260
Total liabilities		673,711		592,225
Equity				
Preferred stock, $1,000 liquidation value; authorized 1,000,000 shares; Issued: 16,288 shares at September 30, 2010 and December 31, 2009		15,638		15,508
Common stock, $.10 par value; authorized 10,000,000 shares; Issued: 4,650,930 shares at September 30, 2010; and 4,224,867 shares at		465		421

December 31, 2009				
Additional paid-in capital		41,921		37,020
Retained earnings		14,027		14,071
Accumulated other comprehensive loss		(829)		(2,867)
Treasury stock, 210,900 shares at September 30, 2010 and 191,729 shares at December 31, 2009, at cost		(2,180)		(2,180)
Total shareholders’ equity		69,042		61,973
Noncontrolling (minority) interest in consolidated subsidiaries		178		—
Total equity		69,220		61,973
Total liabilities and equity	$	742,931	$	654,198

See accompanying notes to consolidated financial statements

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Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	For the nine months ended September 30,		For the three months ended September 30,	
	2010	2009	2010	2009
	(in thousands except share data)			
Interest income:				
Interest and fees on loans	$ 29,621	$ 28,646	$ 10,044	$ 9,680
Interest and dividends on investments	1,290	1,462	428	448
Interest on federal funds sold and cash equivalents	—	1	—	—
Total interest income	30,911	30,109	10,472	10,128
Interest expense:				
Interest on deposits	7,241	10,858	2,376	3,291
Interest on borrowings	1,330	1,578	444	474
Total interest expense	8,571	12,436	2,820	3,765
Net interest income	22,340	17,673	7,652	6,363
Provision for loan losses	6,401	3,200	2,100	1,450
Net interest income after provision for loan losses	15,939	14,473	5,552	4,913
Noninterest income (loss)				
Loan fees	109	201	28	62
Net income from BOLI	132	135	43	45
Service fees on deposit accounts	191	138	62	48
Other than temporary impairment losses	(115)	(2,401)	(71)	(1,120)
Portion of loss recognized in other comprehensive income (before taxes)	49	863	23	770
Net impairment losses recognized in earnings	(66)	(1,538)	(48)	(350)
Gain (loss) on sale of real estate owned	39	(149)	(7)	10
Gain on sale of loans	1,311	—	635	—
Other	192	223	132	26
Total noninterest income (loss)	1,908	(990)	845	(159)
Noninterest expense				
Compensation and benefits	3,641	2,966	1,163	953
Professional services	873	631	291	180
Occupancy and equipment	691	637	253	201
Data processing	250	255	88	87
FDIC insurance	653	627	216	185
Loss on write down of foreclosed assets	—	68	—	14
Other operating expense	2,144	1,109	1,265	372

Total noninterest expense		8,252		6,293		3,276		1,992
Income before income tax expense		9,595		7,190		3,121		2,762
Income tax expense		3,802		2,787		1,180		1,067
Net income attributable to Company and noncontrolling (minority) interest		5,793		4,403		1,941		1,695
Net income attributable to noncontrolling (minority) interest		(168)		—		(113)		—
Net income attributable to Company		5,625		4,403		1,828		1,695
Preferred stock dividend and discount accretion		740		655		247		245
Net income available to common shareholders	$	4,885	$	3,748	$	1,581	$	1,450
Earnings per common share								
Basic	$	1.10	$	0.85	$	0.36	$	0.33
Diluted	$	1.09	$	0.85	$	0.35	$	0.32
Weighted average shares outstanding								
Basic		4,437,860		4,431,409		4,439,838		4,436,452
Diluted		4,491,020		4,431,409		4,488,106		4,469,406

See accompanying notes to consolidated financial statements

Parke Bancorp, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGE IN TOTAL EQUITY
(unaudited)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Non-Controlling (Minority) Interest	Total Equity
					(in thousands)				
Balance, December 31, 2008	$ —	$ 414	$ 35,656	$ 8,870	$ (2,791)	$ (1,848)	$ 40,301	$ —	$ 40,301
Stock warrants exercised		7	415			(332)	90		90
Stock compensation			14				14		14
Comprehensive income (loss):									
Net income				4,403			4,403		4,403
Non-credit unrealized losses on debt securities with OTTI, net of taxes					(518)		(518)		(518)
Net unrealized gains on available for sale securities without OTTI, net of taxes					2,640		2,640		2,640
Pension liability adjustments, net of tax					(9)		(9)		(9)
Total comprehensive income							6,516	—	6,516
Preferred stock issued	15,358		930				16,288		16,288
Dividend on preferred stock (5% annually)				(545)			(545)		(545)
Accretion of discount on preferred stock	110			(110)			0		0
Balance, September 30,	$ 15,468	$ 421	$ 37,015	$ 12,618	$ (678)	$ (2,180)	$ 62,664	$ —	$ 62,664

2009

Balance, December 31, 2009	$ 15,508	$ 421	$ 37,020	$ 14,071	$ (2,867)	$ (2,180)	$ 61,973	$ —	$ 61,973
Stock options exercised			22				22		22
Capital contribution by noncontrolling (minority) interest								196	196
Capital withdrawals by noncontrolling (minority) interest								(186)	(186)
10% common stock dividend		44	4,879	(4,929)			(6)		(6)
Comprehensive income (loss):									
Net income				5,625			5,625	168	5,793
Non-credit unrealized gains on debt securities with OTTI, net of taxes					85		85		85
Net unrealized gains on available for sale securities without OTTI, net of taxes					1,921		1,921		1,921
Pension liability adjustments, net of taxes					32		32		32
Total comprehensive income							7,663	168	7,831
Dividend on preferred stock (5% annually)				(610)			(610)		(610)
Accretion of discount on preferred stock	130			(13)			—		—
Balance, September 30, 2010	$ 15,638	$ 465	$ 41,921	$ 14,027	$ (829)	$ (2,180)	$ 69,042	$ 178	$ 69,220

See accompanying notes to consolidated financial statements

Parke Bancorp Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the nine months ended September 30, 2010	2009
	(in thousands)	
Cash Flows from Operating Activities		
Net income	$ 5,793	$ 4,403
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	247	236
Provision for loan losses	6,401	3,200
Stock compensation	—	14
Bank owned life insurance	(132)	(135)
Supplemental executive retirement plan	333	174
Gain on sale of SBA loans	(1,311)	—
SBA loans originated for sale	(12,593)	—
Proceeds from sale of SBA loans originated for sale	9,560	—
(Gain) loss on sale of other real estate owned	(39)	149
Loss on write down of foreclosed assets	—	68
Other than temporary decline in value of investments	66	1,538
Net accretion of purchase premiums and discounts on securities	(59)	(91)
Changes in operating assets and liabilities:		
Increase in accrued interest receivable and other assets	(848)	(2,991)
Increase in accrued interest payable and other accrued liabilities	1,107	1,377
Net cash provided by operating activities	8,525	7,942
Cash Flows from Investing Activities		
Purchases of investment securities available for sale	(1,794)	(3,307)
Redemptions of restricted stock	7	29
Proceeds from maturities and principal payments on mortgage-backed securities	7,171	8,228
Proceeds from sale of other real estate owned	453	1,008
Net increase in loans	(45,407)	(47,493)
Purchases of bank premises and equipment	(1,724)	(161)
Net cash used in investing activities	(41,294)	(41,696)
Cash Flows from Financing Activities		
Proceeds from issuance of preferred stock	—	16,288
Payment of dividend on preferred stock	(610)	(441)
Proceeds from exercise of stock options and warrants	22	422
	(6)	—

Fractional share cash payment on 10% stock dividend				
Purchase of treasury stock		—		(332)
Net increase in secured borrowings		4,344		—
Net decrease in Federal Home Loan Bank short term borrowings		(2,025)		(5,500)
Repayments of Federal Home Loan Bank advances		(500)		—
Payments of Federal Home Loan Bank advances		(107)		(602)
Net increase (decrease) in noninterest-bearing deposits		1,194		(1,147)
Net increase in interest-bearing deposits		77,473		37,002
Net cash provided by financing activities		79,785		45,690
Increase in cash and cash equivalents		47,016		11,936
Cash and Cash Equivalents, January 1,		4,154		7,270
Cash and Cash Equivalents, September 30,	$	51,170	$	19,206
Supplemental Disclosure of Cash Flow Information:				
Cash paid during the six months for:				
Interest on deposits and borrowed funds	$	8,527	$	12,657
Income taxes	$	6,200	$	5,001
Supplemental Schedule of Noncash Activities:				
Real estate acquired in settlement of loans	$	13,273	$	442

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1. ORGANIZATION

Parke Bancorp, Inc. ("Parke Bancorp" or the "Company") is a bank holding company incorporated under the laws of the State of New Jersey in January 2005 for the sole purpose of becoming the holding company of Parke Bank (the "Bank").

The Bank is a commercial bank which commenced operations on January 28, 1999. The Bank is chartered by the New Jersey Department of Banking and insured by the Federal Deposit Insurance Corporation ("FDIC"). Parke Bancorp and the Bank maintain their principal offices at 601 Delsea Drive, Washington Township, New Jersey. The Bank also conducts business through branches in Northfield and Washington Township, New Jersey and Philadelphia, Pennsylvania.

The Bank competes with other banking and financial institutions in its primary market areas. Commercial banks, savings banks, savings and loan associations, credit unions and money market funds actively compete for savings and time certificates of deposit and all types of loans. Such institutions, as well as consumer financial and insurance companies, may be considered competitors of the Bank with respect to one or more of the services it renders.

The Bank is subject to regulations of certain state and federal agencies, and accordingly, the Bank is periodically examined by such regulatory authorities. As a consequence of the regulation of commercial banking activities, the Bank's business is particularly susceptible to future state and federal legislation and regulations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation: The accounting and reporting policies of the Bank conform to accounting principles generally accepted in the United States of America (GAAP) and predominant practices within the banking industry.

The financial statements include the accounts of Parke Bancorp, Inc. and its wholly owned subsidiaries, Parke Bank, Parke Capital Markets, Farm Folly LLC, 601 Sewell Walnut LLC, 601 Sewell Sturdy LLC, 601 Sewell Seafar LLC, 601 Sewell Baker LLC and Woolwich Lots LLC. Parke Capital Markets and Farm Folly LLC are presently inactive. Parke Capital Trust I, Parke Capital Trust II and Parke Capital Trust III are wholly-owned subsidiaries but are not consolidated because they do not meet the consolidation requirements. Parke Bank has entered into a joint venture, 44 Capital Partners LLC, with a 51% ownership interest which is reflected in the consolidated financial statements. The LLC was formed to originate, sell and service Small Business Administration (SBA) loans. All significant inter-company balances and transactions have been eliminated.

The accompanying interim financial statements should be read in conjunction with the annual financial statements and notes thereto included in Parke Bancorp Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 since they do not include all of the information and footnotes required by U.S. generally accepted accounting principles. The accompanying interim financial statements for the three months and nine months ended September 30, 2010 and 2009 are unaudited. The balance sheet as of December 31, 2009, was derived from the audited financial statements. In the opinion of management, these financial statements include all normal and recurring adjustments necessary for a fair statement of the results for such interim periods. Results of operations for the three months and nine months ended September 30, 2010 are not necessarily indicative of the results for the full year.

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Use of Estimates: In preparing the interim financial statements, management makes estimates and assumptions based on available information that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and reported amounts of expenses and revenues. Actual results could differ from such estimates. The allowance for loan losses, deferred taxes, evaluation of investment securities for other-than-temporary impairment and fair values of financial instruments are significant estimates and particularly subject to change.

Recently Issued Accounting Pronouncements:

On July 1, 2009, the Accounting Standards Codification ("ASC") became the Financial Accounting Standards Board's ("FASB") officially recognized source of authoritative U.S. generally accepted accounting principles ("GAAP") applicable to all public and non-public non-governmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ACS Topic 820, "Fair Value Measurements and Disclosures."

New authoritative accounting guidance (Accounting Standards Update No. 2010-6), which became effective January 1, 2010, provides amendments to ASC Topic 820 that require new disclosures as follows: 1) A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

The new authoritative guidance also clarifies existing disclosures as follows:

1) A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.

2) A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3.

These new disclosures and clarifications of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009 and did not have a significant impact of the Company's consolidated financial statements. The disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The new disclosures are not expected to have a significant impact on the Company's consolidated financial statements. See Note 8, "Fair Value".

FASB ASC Topic 860, "Transfers and Servicing."

New authoritative accounting guidance under ASC Topic 860, "Transfers and Servicing" amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. The new authoritative accounting guidance eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets. The new authoritative accounting guidance also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The new authoritative accounting guidance under ASC Topic 860 was effective January 1, 2010 and accordingly, impacted the manner in which the Company accounts for the sale of the guaranteed portion on SBA loans. Gains of $485,000 for the three months ended September 30, 2010 were deferred to the fourth quarter as a result of this new guidance.

FASB ASC Topic 310, "Receivables."

New authoritative accounting guidance (Accounting Standards Update No. 2010-20) under ASC Topic 310, "Receivables", amends the current disclosures required by ASC Topic 310. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The Company is currently evaluating this new disclosure guidance, but does not expect it to have any effect on the Company's reported financial condition or results of operations.

NOTE 3. INVESTMENT IN DEBT AND MARKETABLE EQUITY SECURITIES

The following is a summary of the Company's investment in available-for-sale and held-to-maturity securities as of September 30, 2010 and December 31, 2009:

As of September 30, 2010	Amortized cost	Gross unrealized gains	Gross unrealized losses	Other-than-temporary impairments in OCI	Fair value
	(amounts in thousands)				
Available-for-sale:					
U.S. Government sponsored entities	$ 3,259	$ 28	$ —	$ —	$ 3,287
Corporate debt obligations	2,000	125	—	—	2,125
Residential mortgage-backed securities	15,158	683	4	—	15,837
Collateralized mortgage obligations	2,947	125	—	71	3,001
Collateralized debt obligations	5,562	—	1,375	540	3,647
Total available-for-sale	$ 28,926	$ 961	$ 1,379	$ 611	$ 27,897
Held to maturity:					
States and political subdivisions	$ 1,991	$ 150	$ —	$ —	$ 2,141

As of December 31, 2009	Amortized cost	Gross unrealized gains	Gross unrealized losses	Other-than-temporary impairments in OCI	Fair value
	(amounts in thousands)				
Available-for-sale:					
U.S. Government sponsored entities	$ 3,273	$ —	$ 41	$ —	$ 3,232
Corporate debt obligations	2,000	17	47	—	1,970
Residential mortgage-backed securities	19,098	679	79	—	19,698
Collateralized mortgage obligations	3,859	68	50	68	3,809
Collateralized debt obligations	5,562	—	4,166	685	711
Total available-for-sale	$ 33,792	$ 764	$ 4,383	$ 753	$ 29,420
Held to maturity:					
States and political subdivisions	$ 2,509	$ 10	$ 115	$ —	$ 2,404

The Company's unrealized loss on investments in collateralized debt obligations (CDOs) relates to four securities issued by financial institutions, totaling $5.6 million. The gross unrealized loss decreased from $4.2 million at December 31, 2009 to $1.4 million at September 30, 2010. In the first quarter of 2010, the Company engaged an independent third party valuation firm to assess three of its pooled trust preferred collateralized debt obligations for other than temporary impairment ("OTTI"). The OTTI analysis is based on a best estimate of cash flows, including potential credit losses and prepayments, discounted at the securities' effective yields. The valuation firm also discounts the best estimate cash flows using a discount rate derived through the build-up method to estimate fair value. The fair value discount rate is based on the appropriate risk free rate, given the estimated duration of the security, plus a spread for liquidity under normal market conditions, and a spread to account for the uncertainty of the cash flows. Prior to the first quarter, the Company had relied on a pricing service that utilized a matrix pricing approach to estimate fair value. The Company believes that a fair value derived from best estimate cash flows represents a better estimate of the fair values of the securities.

The amortized cost and fair value of debt securities classified as available-for-sale and held-to-maturity, by contractual maturity, as of September 30, 2010 are as follows:

	Amortized Cost	Fair Value
	(amounts in thousands)	
Available-for-sale:		
Due within one year	$ —	$ —
Due after one year through five years	3,252	—
Due after five years through ten years	—	3,281
Due after ten years	7,569	5,778
Residential mortgage-backed securities and collateralized mortgage obligations	18,105	18,838
Total available-for-sale	$ 28,926	$ 27,897
Held-to-maturity:		
Due within one year	$ —	$ —
Due after one year through five years	—	—
Due after five years through ten years	—	—
Due after ten years	1,991	2,141
Total held-to-maturity	$ 1,991	$ 2,141

Expected maturities will differ from contractual maturities for mortgage related securities because the issuers of certain debt securities do have the right to call or prepay their obligations without any penalties.

The following tables show the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2010 and December 31, 2009:

As of September 30, 2010	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(amounts in thousands)			
Available-for-sale:						
U.S. Government sponsored entities	$ —	$ —	$ —	$ —	$ —	$ —
Corporate debt obligations	—	—	—	—	—	—
Residential mortgage-backed securities and collateralized mortgage obligations	1,097	4	—	—	1,097	4
Collateralized debt obligations	—	—	3,375	1,375	3,375	1,375
Total available-for-sale	$ 1,097	$ 4	$ 3,375	$ 1,375	$ 4,472	$ 1,379
Held-to-maturity:						
States and political subdivisions	$ —	$ —	$ —	$ —	$ —	$ —

As of December 31, 2009	Less Than 12 Months		12 Months or Greater		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(amounts in thousands)			
Available-for-sale:						
U.S. Government sponsored entities	$ 3,225	$ 41	$ —	$ —	$ 3,225	$ 41
Corporate debt obligations	—	—	653	47	653	47
Residential mortgage-backed securities and collateralized mortgage obligations	6,289	129	—	—	6,289	129
Collateralized debt obligations	—	—	585	4,166	585	4,166
Total available-for-sale	$ 9,514	$ 170	$ 1,238	$ 4,213	$ 10,752	$ 4,383
Held-to-maturity:						
States and political subdivisions	$ —	$ —	$ 610	$ 115	$ 610	$ 115

U.S. Government Sponsored Entities: The unrealized losses on the Company's investment in U.S. Government sponsored entities were caused by movement in interest rates. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell this investments before recovery of its amortized cost basis, which may be maturity, it does not consider the investment to be other-than-temporarily impaired at December 31, 2009.

Corporate Debt Obligations: The Company's unrealized loss on investments in corporate bonds relates to two trust preferred securities (TruPS) issued by financial institutions, totaling $1.0 million. The unrealized loss was primarily caused by an illiquid market for this sector of security. All two issues have been rated A or above by Moody's. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell the investment before recovery of its amortized cost basis, which may be maturity, it does not consider the investment to be other-than-temporarily impaired at December 31, 2009.

Residential Mortgage-Backed Securities and Collateralized Mortgage Obligations: The unrealized losses on the Company's investment in mortgage-backed securities were caused by movement in interest rates. The loss is attributable to two securities; one was issued by GNMA, a government agency and the other was issued by FHLMC, a government sponsored agency. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, it does not consider the investments in these securities to be other-than-temporarily impaired at September 30, 2010 or December 31, 2009.

Collateralized Debt Obligations: CDOs are pooled securities primarily secured by trust preferred securities (TruPS), subordinated debt and surplus notes issued by small and mid-sized banks and insurance companies. These securities are generally floating rate instruments with 30-year maturities, and are callable at par by the issuer after five years. The current economic downturn has had a significant adverse impact on the financial services industry, consequently, TruPS CDOs do not have an active trading market. With the assistance of a competent third-party valuation specialist, the Company utilized the following methodology to determine the fair value:

Cash flows were developed based on the estimated speeds at which the trust preferred securities are expected to prepay, the estimated rates at which the trust preferred securities are expected to defer payments, the estimated rates at which the trust preferred securities are expected to default, and the severity of the losses on securities which default. Trust preferred securities generally allow for prepayment by the issuer without a prepayment penalty any time after five years. Due to the lack of new trust preferred issuances and the relatively poor conditions of the financial institution industry, a relatively modest rate of prepayment was assumed going forward. Estimates for conditional default rates ("CDR") are based on the payment characteristics of the trust preferred securities themselves (e.g. current, deferred, or defaulted) as well as the financial condition of the trust preferred issuers in the pool. Estimates for the near-term rates of deferral and CDR are based on key financial ratios relating to the financial institutions' capitalization, asset quality, profitability and liquidity. Finally, we consider whether or not the financial institution has received TARP funding, and if it has, the amount. Longer-term rates of deferral and defaults are based on historical averages. The estimated cash flows were than discounted. The fair value of each bond was assessed by discounting their projected cash flows by a discount rate ranging from 10% to 20%. The discount rates were based on the yields of publicly traded TruPS and preferred stock issued by comparably rated banks. The fair value for previous reporting periods was based on indicative market bids and resulted in much lower values due to the inactive trading market.

The underlying issuers have been analyzed, and projections have been made regarding the future performance, considering factors including defaults and interest deferrals. The analysis indicates that the Company should expect to receive all contractual cash flows. Because the Company does not intend to

sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of its amortized cost basis, which may be maturity, it does not consider these investments to be other-than-temporarily impaired at September 30, 2010 or December 31, 2009.

Other-Than-Temporarily Impaired Debt Securities

We assess whether we intend to sell or it is more likely than not that we will be required to sell a security before recovery of its amortized cost basis less any current-period credit losses. For debt securities that are considered other-than-temporarily impaired and that we do not intend to sell and will not be required to sell prior to recovery of our amortized cost basis, we separate the amount of the impairment into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings and is the difference between the security's amortized cost basis and the present value of its expected future cash flows. The remaining difference between the security's fair value and the present value of future expected cash flows is due to factors that are not credit related and is recognized in other comprehensive income.

The present value of expected future cash flows is determined using the best estimate cash flows discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete an asset-backed or floating rate security. The methodology and assumptions for establishing the best estimate cash flows vary depending on the type of security. The asset-backed securities cash flow estimates are based on bond specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity and prepayment speeds and structural support, including subordination and guarantees. The corporate bond cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using bond specific facts and circumstances including timing, security interest and loss severity.

We have a process in place to identify debt securities that could potentially have a credit impairment that is other than temporary. This process involves monitoring late payments, pricing levels, downgrades by rating agencies, key financial ratios, financial statements, revenue forecasts and cash flow projections as indicators of credit issues. On a quarterly basis, we review all securities to determine whether an other-than-temporary decline in value exists and whether losses should be recognized. We consider relevant facts and circumstances in evaluating whether a credit or interest rate-related impairment of a security is other than temporary. Relevant facts and circumstances considered include: (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in value; (3) the financial position and access to capital of the issuer, including the current and future impact of any specific events and (4) for fixed maturity securities, our intent to sell a security or whether it is more likely than not we will be required to sell the security before the recovery of its amortized cost which, in some cases, may extend to maturity and for equity securities, our ability and intent to hold the security for a period of time that allows for the recovery in value.

The following table presents a roll-forward of the credit loss component of the amortized cost of debt securities that we have written down for OTTI and the credit component of the loss that is recognized in earnings. OTTI recognized in earnings subsequent to adoption in 2009 for credit-impaired debt securities is presented as additions in two components based upon whether the current period is the first time the debt security was credit-impaired (initial credit impairment) or is not the first time the debt security was credit impaired (subsequent credit impairments). The credit loss component is reduced if we sell, intend to sell or believe we will be required to sell previously credit-impaired debt securities. Additionally, the credit loss component is reduced if we receive cash flows in excess of what we expected to receive over the remaining life of the credit-impaired debt security, the security matures or is fully written down. Changes in the credit loss component of credit-impaired debt securities were as follows for the nine month and three month periods ended September 30, 2010 and 2009.

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	For the Nine Months Ended September 30,	
	2010	2009
	(amounts in thousands)	
Beginning balance	$ 4,008	2,279
Initial credit impairment	—	$ 884
Subsequent credit impairments	66	654
Reductions for amounts recognized in earnings due to intent or requirement to sell	—	—
Reductions for securities deemed worthless	1,384	—
Reductions for increases in cash flows expected to be collected	—	—
Ending balance	$ 2,690	$ 3,817

	For the Three Months Ended September 30,	
	2010	2009
	(amounts in thousands)	
Beginning balance	$ 2,808	3,467
Initial credit impairment	—	$ 319
Subsequent credit impairments	48	31
Reductions for amounts recognized in earnings due to intent or requirement to sell	—	—
Reductions for securities deemed worthless	166	—
Reductions for increases in cash flows expected to be collected	—	—
Ending balance	$ 2,690	$ 3,817

A summary of investment gains and losses recognized in income during the nine month and three month periods ended September 30, 2010 and 2009 are as follows:

	For the Nine Months Ended September 30,	
	2010	2009
	(amounts in thousands)	
Available-for-sale securities:		
Realized gains	$ —	$ —
Realized (losses)	—	—
Other than temporary impairment	(66)	(1,538)
Total available-for-sale securities	$ (66)	$ (1,538)
Held-to-maturity securities:		
Realized gains	$ —	$ —
Realized (losses)	—	—
Other than temporary impairment	—	—

Total held-to-maturity securities	$	0	$	0

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	For the Three Months Ended September 30, 2010		For the Three Months Ended September 30, 2009	
	(amounts in thousands)			
Available-for-sale securities:				
Realized gains	$	—	$	—
Realized (losses)		—		—
Other than temporary impairment		(48)		(350)
Total available-for-sale securities	$	(48)	$	(350)
Held-to-maturity securities:				
Realized gains	$	—	$	—
Realized (losses)		—		—
Other than temporary impairment		—		—
Total held-to-maturity securities	$	0	$	0

During the first nine months of 2010, the Company recognized $66,000 of other-than-temporary impairment losses on available-for-sale securities, attributable to impairment charges recognized on privately issued CMOs.

The impairment charges for the CMOs were recognized in light of significant deterioration of housing values in the residential real estate market, the significant rise in delinquencies and charge-offs of underlying mortgage loans and resulting decline in market value of the securities.

With the assistance of a competent third-party valuation specialist, the Company utilized the following methodologies to quantify the other-than-temporary-impairment. The underlying mortgage collateral was analyzed in order to project future cash flows and to calculate the credit component of the OTTI. Four major assumptions were utilized; prepayment (CPR), constant default rate (CDR), loss severity and risk adjusted discount rate. The methodologies for the four assumptions are:

CPR assumptions were based on an evaluation of the lifetime conditional prepayment rates; 3 month CPR over the most recent period, past 6 months and past 12 months; estimated prepayment rates provided by the Securities Industry & Financial Markets Association (SIFMA), forecasts from other industry experts, and judgment given the recent deterioration in credit conditions and declines in property values

CDR estimates were based on the status of the loans – current, 30-59 days delinquent, 60-89 days delinquent, 90+ days delinquent, foreclosure or REO – and proprietary loss migration models (i.e. percentage of 30 day delinquents that will ultimately migrate to default, percentage of 60 day delinquents that will ultimately migrate to default, etc.). The model assumes that the 60 day plus population will move to repossession inventory subject to the loss migration assumptions and liquidate over the next 36 months. Defaults vector from month 37 to month 48 to the month 49 CDR value and ultimately vector to zero over an extended period of time of at least 15 years.

Loss severity estimates are based on the initial loan to value ratio, the loan's lien position, private mortgage insurance proceeds available (if any), and the estimated change in the price of the property since origination. The loss severity assumption is static for twelve months then decreases monthly based on future market appreciation. Our annual market appreciation assumption is 3.5% after 12 months. Our loss severity is subject to a floor value of 23.0%.

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The risk adjusted discount rate was derived based on the spread from the most recent active market indication for either the instrument in question or a proxy of the instrument. The resulting spread was then used in conjunction with the swap curve to discount the expected cash flow stream.

NOTE 4. LOANS

The portfolio of the loans outstanding consists of:

	September 30, 2010		December 31, 2009	
	Amount	Percentage of Gross Loans	Amount	Percentage of Gross Loans
	(amounts in thousands)			
Commercial	$ 25,115	4.0%	$ 20,174	3.3%
Real estate construction:				
Residential	45,727	7.2	61,865	10.3
Commercial	57,436	9.1	44,726	7.4
Real estate mortgage:				
Residential	166,987	26.3	154,385	25.6
Commercial	322,661	50.9	309,226	51.2
Consumer	15,817	2.5	13,025	2.2
Total Loans	$ 633,743	100.0%	$ 603,401	100.0%

Loans on non-accrual were $23.3 million at September 30, 2010 and $25.5 million at December 31, 2009. Loans deemed impaired (including troubled debt restructuring – TDRs – and loans on nonaccrual) totaled $54.6 million at September 30, 2010 and $50.9 at December 31, 2009 for which the allowance for loan losses included specific reserves of $1.3 million and $3.6 million respectively as of these dates. No loans with interest past due 90 days or more were still accruing at September 30, 2010 or at December 31, 2009. The Company has created interest reserves for the purpose of making periodic and timely interest payments for borrowers that qualify. Total loans with interest reserves were $68.3 million at September 30, 2010 and $74.8 million at December 31, 2010. On a monthly basis management reviews loans with interest reserves to assess current and projected performance and determines whether such reserves will continue to be funded.

Activity in the allowance for loan losses was as follows:

	For the nine months ended September 30,			
	2010		2009	
	(amounts in thousands)			
Balance at beginning of period	$	12,404	$	7,777
Provisions charged to operations		6,401		3,200
Charge-offs		(5,377)		(62)
Recoveries		—		—
Balance at end of period	$	13,428	$	10,915

	For the three months ended September 30,			
	2010		2009	
	(amounts in thousands)			
Balance at beginning of period	$	14,893	$	9,514
Provisions charged to operations		2,100		1,450
Charge-offs		(3,565)		(49)
Recoveries		—		—
Balance at end of period	$	13,428	$	10,915

During the quarter the Company charged-off $3.6 million, primarily residential construction loans, due to estimated collateral deficiencies on impaired loans. The Company had previously established $2.8 million in specific reserves on these loans.

Individually impaired loans were as follows:

	September 30, 2010		December 31, 2009	
	(amounts in thousands)			
Impaired loans with no allocated allowance for loan losses	$	40,917	$	28,681
Impaired loans with allocated allowance for loan losses		13,705		22,681
Total	$	54,622	$	50,889
Amount of the allowance for loan losses allocated	$	1,296	$	3,555

NOTE 5. REGULATORY RESTRICTIONS

The Company and the Bank are subject to various regulatory capital requirements of federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined).

							To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Actual			For Capital Adequacy Purposes				
Parke Bancorp, Inc.		Amount	Ratio		Amount	Ratio	Amount	Ratio
As of September 30, 2010 (amounts in thousands except ratios)								
Total Risk Based Capital (to Risk Weighted Assets)	$	90,802	14.0%	$	50,045	8%	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	$	82,871	12.7%	$	26,023	4%	N/A	N/A
Tier 1 Capital (to Average Assets)	$	82,871	12.1%	$	27,413	4%	N/A	N/A

							To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Actual			For Capital Adequacy Purposes				
Parke Bancorp, Inc.		Amount	Ratio		Amount	Ratio	Amount	Ratio
As of December 31, 2009 (amounts in thousands except ratios)								
Total Risk Based Capital (to Risk Weighted Assets)	$	85,394	14.3%	$	47,892	8%	N/A	N/A
Tier 1 Capital (to Risk Weighted Assets)	$	77,840	13.7%	$	22,674	4%	N/A	N/A

Tier 1 Capital (to Average Assets)	$	77,840	11.9%	$	26,108	4%	N/A	N/A

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Parke Bank	Actual Amount	Ratio	For Capital Adequacy Purposes Amount	Ratio	To be Well-Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
As of September 30, 2010 (amounts in thousands except ratios)						
Total Risk Based Capital (to Risk Weighted Assets)	$ 90,797	14.0%	$ 50,928	8%	$ 63,660	10%
Tier 1 Capital (to Risk Weighted Assets)	$ 82,866	12.8%	$ 25,464	4%	$ 38,196	6%
Tier 1 Capital (to Average Assets)	$ 82,866	11.7%	$ 27,282	4%	$ 34,103	5%

Parke Bank	Actual Amount	Ratio	For Capital Adequacy Purposes Amount	Ratio	To be Well-Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
As of December 31, 2009 (amounts in thousands except ratios)						
Total Risk Based Capital (to Risk Weighted Assets)	$ 85,448	14.3%	$ 47,890	8%	$ 59,863	10%
Tier 1 Capital (to Risk Weighted Assets)	$ 77,922	13.0%	$ 23,945	4%	$ 35,918	6%
Tier 1 Capital (to Average Assets)	$ 77,922	11.9%	$ 26,124	4%	$ 32,655	5%

NOTE 6. CAPITAL

On October 3, 2008 Congress passed the Emergency Economic Stabilization Act of 2008 (EESA), which provides the U.S. Secretary of the Treasury with broad authority to implement certain actions to help restore stability and liquidity to the U.S. markets. One of the provisions resulting from the Act is the Treasury Capital Purchase Program (CPP) which provides for the direct equity investment of perpetual preferred stock by the U.S. Treasury in qualified financial institutions. This program is voluntary and requires an institution to comply with several restrictions and provisions, including limits on executive compensation, stock redemptions, and declaration of dividends. The CPP provides for a minimum investment of 1% of Risk-Weighted-Assets, with a maximum investment of the lesser of 3% of Risk-Weighted Assets or $25 billion. The perpetual preferred stock has a dividend rate of 5% per year until the fifth anniversary of the Treasury investment and a dividend of 9%, thereafter. The CPP also requires the Treasury to receive warrants for common stock equal to 15% of the capital invested by the U.S. Treasury. The Company received an investment in perpetual preferred stock of $16,288,000 on January 30, 2009. These proceeds were allocated between the preferred stock and warrants based on relative fair value in accordance with FASB ASC Topic 470-20, Debt with Conversion and Other Options. The allocation of proceeds resulted in a discount on the preferred stock that will be accreted over five years. The Company issued 329,757 common stock warrants to the U.S. Treasury and $930,000 of those proceeds were allocated to the warrants. The warrants are accounted for as equity securities. The warrants have a contractual life of 10 years and an exercise price of $7.41 per share of common stock.

On May 21, 2010, the Company paid a 10% stock dividend to stockholders of record as of May 11, 2010. Both basic and diluted earnings per share calculations give retroactive effect to this stock dividend.

NOTE 7. COMPREHENSIVE INCOME

The Company's comprehensive income is presented in the following tables:

	For the nine months ended September 30, (amounts in thousands)			
		2010		2009
Net income	$	5,793	$	4,403
Non-credit unrealized gains (losses) on debt securities with OTTI:				
Available-for-sale		142		(863)
Unrealized gains (losses) on available for sale securities without OTTI		3,201		4,399
Minimum pension liability		54		(15)
Tax impact		(1,359)		(1,408)
Comprehensive income		7,831		6,516
Net income attributable to noncontrolling (minority) interest		(168)		—
Comprehensive income attributable to Company	$	7,663	$	6,516

	For the three months ended September30, (amounts in thousands)			
		2010		2009
Net income	$	1,941	$	1,695
Non-credit unrealized gains (losses) on debt securities with OTTI:				
Available-for-sale		64		(770)
Unrealized gains (losses) on available for sale securities without OTTI		(112)		5,392
Minimum pension liability		19		15
Tax impact		11		(1,855)
Comprehensive income		1,923		4,477
Net income attributable to noncontrolling (minority) interest		(113)		—
Comprehensive income attributable to Company	$	1,810	$	4,477

Accumulated other comprehensive loss consisted of the following at September 30, 2010 and December 31, 2009:

	September 30, 2010	December 31, 2009
	(amounts in thousands)	
Securities		

Non-credit unrealized losses on debt securities with OTTI:		
Available for sale	$ (611)	$ (753)
Unrealized gains (losses) on available for sale securities without OTTI	(418)	(3,619)
Minimum pension liability	(353)	(407)
Tax impact	553	1,912
	$ (829)	$ (2,867)

NOTE 8. FAIR VALUE

Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures Topic 820 of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions. In accordance with this guidance, the Company groups its assets and liabilities carried at fair value in three levels as follows:

Level 1 Inputs:

1) Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs:

1) Quoted prices for similar assets or liabilities in active markets.
2) Quoted prices for identical or similar assets or liabilities in markets that are not active.
3) Inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability (e.g., interest rates, yield curves, credit risks, prepayment speeds or volatilities) or “market corroborated inputs.”

Level 3 Inputs:

1) Prices or valuation techniques that require inputs that are both unobservable (i.e. supported by little or no market activity) and that are significant to the fair value of the assets or liabilities.
2) These assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Fair Value on a Recurring Basis:

The following is a description of the Company's valuation methodologies for assets carried at fair value. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investment Securities Available for Sale:

Where quoted prices are available in an active market, securities are classified in Level 1 of the valuation hierarchy. Securities in Level 1 are exchange-traded equities. If quoted market prices are not available for the specific security, then fair values are provided by independent third-party valuations services. These valuations services estimate fair values using pricing models and other accepted valuation methodologies, such as quotes for similar securities and observable yield curves and spreads. As part of the Company's overall valuation process, management evaluates these third-party methodologies to ensure that they are representative of exit prices in the Company's principal markets. Securities in Level 2 include U.S. Government agencies, mortgage-backed securities, state and municipal securities and trust preferred securities. Securities in Level 3 include thinly traded collateralized mortgage obligations and collateralized debt obligations.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

Financial Assets	Level 1	Level 2	Level 3	Total
		(amounts in thousands)		
Securities Available for Sale				
As of September 30, 2010				
U.S. Government sponsored entities	$ —	$ 3,287	$ —	$ 3,287
Corporate debt obligations	—	2,125	—	2,125
Residential mortgage-backed securities	—	15,837	—	15,837
Collateralized mortgage-backed securities		2,395	606	3,001
Collateralized debt obligations	—	—	3,647	3,647
Total	$ —	$ 23,644	$ 4,253	$ 27,897
As of December 31, 2009				
U.S. Government sponsored entities	$ —	$ 3,232	$ —	$ 3,232
Corporate debt obligations	—	1,970	—	1,970
Residential mortgage-backed securities	—	19,698	—	19,698
Collateralized mortgage-backed securities		2,669	1,140	3,809
Collateralized debt obligations	—	—	711	711
Total	$ —	$ 27,569	$ 1,851	$ 29,420

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Securities Available for Sale	
	2010	2009
	(amounts in thousands)	
Beginning balance at January 1,	$ 1,851	$ 1,705
Total net gains (losses) included in:		
Net income (loss)	(66)	(1,538)
Other comprehensive income (loss)	2,638	2,925
Purchases, sales, issuances and settlements, net	(170)	—
Net transfers into Level 3	—	2,280
Ending balance September 30,	$ 4,253	$ 5,372

Fair Value on a Non-recurring Basis:

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Financial Assets	Level 1	Level 2	Level 3	Total
		(amounts in thousands)		
As of September 30, 2010				
Impaired Loans	$ —	$ —	$ 53,326	$ 53,326
Other Real Estate Owned	—	—	7,778	7,778
As of December 31, 2009				
Impaired Loans	$ —	$ —	$ 47,334	$ 47,334

Impaired loans, which are measured in accordance with FASB ASC Topic 310 “Receivables”, for impairment, had a carrying amount of $54.6 million and $50.9 million at September 30, 2010 and December 31, 2009 respectively, with a valuation allowance of $1.3 million and $3.6 million at September 30, 2010 and December 31, 2009 respectively. The valuation allowance for impaired loans is included in the allowance for loan losses in the balance sheet.

Other real estate owned (OREO) consists of commercial real estate properties which are recorded at fair value based upon current appraised value less estimated disposition costs, which is adjusted based upon Management’s review and changes in market conditions (level 3 inputs).

Fair Value of Financial Instruments

The Company discloses estimated fair values for its significant financial instruments in accordance with FASB ASC Topic 825, “Disclosures about Fair Value of Financial Instruments”. The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The methodologies for other financial assets and liabilities are discussed below.

Cash and Cash Equivalents: The carrying amount of cash, due from banks, and federal funds sold approximates fair value.

Investment Securities: Fair value of securities available for sale is described above. Fair value of held-to-maturity securities are based upon quoted market prices.

Restricted Stock: The carrying value of restricted stock approximates fair value based on redemption provisions.

Loans (other than impaired): Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial, residential mortgage and other consumer. Each loan category is further segmented into groups by fixed and adjustable rate interest terms and by performing and non-performing categories.

The fair value of performing loans is typically calculated by discounting scheduled cash flows through their estimated maturity, using estimated market discount rates that reflect the credit and interest rate risk inherent in each group of loans. The estimate of maturity is based on contractual maturities for loans within each group, or on the Company's historical experience with repayments for each loan classification, modified as required by an estimate of the effect of current economic conditions.

For all loans, assumptions regarding the characteristics and segregation of loans, maturities, credit risk, cash flows, and discount rates are judgmentally determined using specific borrower and other available information.

Accrued Interest Receivable and Payable: The fair value of interest receivable and payable is estimated to approximate the carrying amounts.

Deposits: The fair value of deposits with no stated maturity, such as demand deposits, checking accounts, savings and money market accounts, is equal to the carrying amount. The fair value of certificates of deposit is based on the discounted value of contractual cash flows, where the discount rate is estimated using the market rates currently offered for deposits of similar remaining maturities.

Borrowings: The fair values of FHLB borrowings, other borrowed funds and subordinated debt are based on the discounted value of estimated cash flows. The discounted rate is estimated using market rates currently offered for similar advances or borrowings.

Off-Balance Sheet Instruments: Since the majority of the Company's off-balance sheet instruments consist of non fee-producing, variable rate commitments, the Company has determined they do not have a distinguishable fair value.

The following table summarizes carrying amounts and fair values for financial instruments at September 30, 2010 and December 31, 2009:

	September 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(amounts in thousands)			
Financial Assets:				
Cash and cash equivalents	$ 51,170	$ 51,170	$ 4,154	$ 4,154
Investment securities (available-for-sale and held-to-maturity)	29,888	30,038	31,929	31,824
Restricted stock	3,087	3,087	3,094	3,094
Loans, net	620,315	623,244	590,997	585,346
Accrued interest receivable	3,303	3,303	2,808	2,808
Financial Liabilities:				
Demand and savings deposits	$ 285,832	$ 285,832	$ 257,566	$ 257,566
Time deposits	313,148	315,351	261,882	264,901
Borrowings	69,543	74,056	67,831	68,859
Accrued interest payable	865	865	821	821

NOTE 9. SUBSEQUENT EVENTS

Accounting guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Accordingly, Management has evaluated subsequent events after September 30, 2010 through the date the financial statements were issued and determined that no subsequent events warranted recognition in or disclosure in the interim financial statements.

ITEM 6. EXHIBITS

31.1 Certification of CEO required by Rule 13a-14(a).

31.2 Certification of CFO required by Rule 13a-14(a).

32 Certification required by 18 U.S.C. §1350.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PARKE BANCORP, INC.

Date:	November 18, 2010	/s/ Vito S. Pantilione Vito S. Pantilione President and Chief Executive Officer (Principal Executive Officer)
Date:	November 18, 2010	/s/ John F. Hawkins John F. Hawkins Senior Vice President and Chief Financial Officer (Principal Accounting Officer)